

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2007-286-W/S**

IN RE: )  
)  
Application of Utilities Services of )  
South Carolina, Inc. for adjustment of )  
rates and charges and modifications to )  
certain terms and conditions for the )  
provision of water and sewer service. )  
\_\_\_\_\_)

**ANSWER TO PETITION FOR  
REHEARING OR RECONSIDERATION**

Utilities Services of South Carolina, Inc. (“USSC”), pursuant to Vol. 26 S.C. Code Ann. Reg.103-826.A.1, answers the June 16, 2011, Petition for Rehearing or Reconsideration (“Petition”) of the Office of Regulatory Staff (“ORS”) as follows:

1. USSC denies that Order No. 2011-63 (“Order”) should be reheard or reconsidered for the reasons set out in paragraph 1 of the Petition. The bases for USSC’s denial in this regard are several.

- a. First, Petition paragraph 1 implicitly asserts that, in the remand proceedings ordered by the Court in *Utilities Services of South Carolina, Inc. v. South Carolina Office of Regulatory Staff*, 392 S.C. 96, 708 S.E.2d 755 (2011), the Commission may not take additional evidence with respect to the specific information sought by the Commission and which USSC had not been given a meaningful opportunity to provide. As an initial matter, USSC submits that even if this assertion is correct (which USSC disputes), the question of whether the Court intended for the Commission to take additional evidence on remand is irrelevant since the Order does not require that additional evidence be taken.

To the contrary, the Order simply requires (a) that USSC provide additional information (albeit in the form of verified testimony) that relates to expense and rate base items which have already been investigated and found by ORS to be allowable (as set out in the proposed order ORS submitted to the Commission in this docket) and (b) that ORS be given an opportunity to respond to that information. Nowhere in the Order does the Commission state that it intends to conduct a further hearing or receive additional evidence. The information USSC will supply in a verified statement will inform the Commission as to (i) whether a capital expenditure that might have been made in a given neighborhood was or was not perceptible to customers in that neighborhood (*Cf. Utilities Services* at 760), (ii) ongoing operational programs, and (iii) whether the \$1,300 worth of sludge hauling charges paid by USSC to BioTech in the test year is supported by information that could have been supplied with the Company's application had it been given notice that such information was required. The additional information sought does not bear upon the amount of allowable expense or rate base in this matter since the customers who alleged that they had seen no improvements to water quality or capital improvements "could offer no insight into whether [USSC] made capital improvements in other neighborhoods." *Utilities Services* at 763. Therefore, whether an expenditure on a capital improvement was or was not made in one of the neighborhoods where customers testified that they "had not **seen** any capital improvements and/or improvements to water quality," this would not implicate the reasonableness of overall rate base or expenditures. Moreover, since the BioTech payments "accounted for only a small portion of [USSC's] budget" (*Utilities Services* at 764) and were not challenged by

ORS (see Tr. P.. 345-346), any additional information the Commission receives with respect to this expense item does not necessarily bear on whether they should be allowed.<sup>1</sup> No additional evidence is therefore required since the amount of allowable expense or rate base is not in question and the additional information that the Commission seeks does not bear on the allowable expense or rate base.

- b. Further answering paragraph 1 of the Petition, USSC submits that the format in which the Commission has requested the additional information does not mandate that the Commission conduct another hearing or take additional evidence. As noted above, the Order simply requires that USSC submit verified testimony and that the ORS respond. As noted by the Court, the Commission could simply have required that this information be provided with USSC's application. *See Utilities Services* at 762, citing 26 S.C. Code Ann. Regs. 103-512.4(A)(16).
- c. Even assuming that the Order requires that additional evidence be taken, no rehearing or reconsideration of the Order is warranted. The Supreme Court's decision cannot be fairly read to **preclude** the Commission from taking additional evidence with respect to the information the Commission sought regarding improvements to water quality and capital improvements. *See, e.g., Utilities Services, supra*, 708 S.E.2d at 757, 761, 762, 764 and

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<sup>1</sup> *See Porter v. S.C. Public Service Commission*, 328 S.C. 222, 493 S.E.2d 92 (1997). The Commission has inferentially recognized in this docket that where a variance in expenses is insignificant an adjustment is not required. *See* Order No. 2009-353, Part II.b. Given that the BioTech expense is \$1,300 and the allowable overall expenses found by ORS's audit were \$2,766,575, the effect of an adjustment for the BioTech expense would be 0.0005%. By any standard, this is *de minimis* and the expense could be allowed by the Commission without more.

765.<sup>2</sup> Contrary to ORS's contention otherwise, the Supreme Court's decision in *Piedmont Natural Gas Company, Inc. v. Hamm*, 301 S.C. 50, 54, 389 S.E.2d 655,657 (1990), in which the Court relied on its prior decision in *Parker v. S.C. Public Service Comm'n and Duke Power Company*, 288 S.C. 304, 307, 342 S.E.2d 403, 405 (1986), does not preclude the Commission from taking additional evidence in this matter with respect to the information the Commission has requested.<sup>3</sup> In neither of the cited cases

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<sup>2</sup> *Inter alia*, the Court held that (a) the Commission was "well within its rights in requesting **additional information** regarding [USSC's] expenditures (*Id.* at 757), (b) the Commission "was required to provide [USSC] a meaningful opportunity to **supplement its application with the information** the [Commission] requested" (*Id.* at 761), (c) the Commission "was obligated to accord [USSC] a meaningful opportunity to **rebut the evidence** presented in opposition to its proposed rates" (*Id.* at 761), (d) the Commission erred as a matter of law because "the [Commission] did not give [USSC] a meaningful opportunity to **provide the additional information** the [Commission] determined was necessary" (*Id.* at 761), (e) reversal and remand to the Commission was appropriate "[b]ecause the [Commission] did not give [USSC] a fair opportunity **to respond** in this case" (*Id.* at 762), (f) the Commission must "on remand ... giv[e] [USSC] the opportunity to meaningfully **respond to the evidence** challenging the rate increase recommended by ORS" (*Id.* at 764), and (g) the Commission has "an obligation to give a utility a meaningful opportunity to **present additional evidence in support of its application**" (*Id.* at 765) (**emphasis supplied**).

<sup>3</sup> ORS suggests that the taking of additional evidence would afford USSC "two bites at the apple" which *Piedmont* does specifically proscribe. *See* Petition at n.1. However, in view of the specific holdings listed in footnote 2, *supra*, the only reasonable reading of the Court's opinion in *Utilities Services* is that USSC was not given a "first bite at the apple" with respect to supplying the information the Commission requested and that it should be given that "bite" on remand. That said, USSC certainly agrees with ORS's "second-bite-at-the-apple analysis" with respect to the taking of additional evidence in aid of a re-examination or reconsideration of any expense, rate base, or other factor which enters into the determination of a just and reasonable rate and about which a party has already been given a meaningful opportunity to address in testimony. As mentioned above, ORS has conducted an investigation of USSC's expenses and rate base in this matter (*see Utilities Services* at 759, 764) and now urges the Commission to adopt the findings of ORS's proposed order that was submitted based upon the results of that investigation. *See* Petition at paragraph 2. (As noted, *infra*, USSC is in full agreement with ORS that, should it choose to do so, the Commission may adopt one of the parties' proposed orders without more.) However, no customer was able to testify that any expenditure claimed was not made or imprudent, only that they had not seen evidence of an expenditure in their

was the Court addressing a circumstance where a party had not been given a meaningful opportunity to provide the additional information deemed necessary by the Commission to render a decision. *Cf. Utilities Services*. Furthermore, an express remand for a hearing to take additional evidence is not required where, as here, the implicit purpose of the remand is to correct an error of law that resulted in USSC being denied a meaningful opportunity to be heard. *Cf. Hamm v. Southern Bell Telephone Company and the South Carolina Public Service Commission*, 305 S.C.1, 5, 406 S.E.2d 157, 159-160 (1991) (holding that even in the absence of an express remand to the Commission to determine amount of refund owed and to effect such refund, a remand for that purpose would be implied in view of “the only reasonable interpretation of the law” which compelled the remand). USSC submits that the only reasonable interpretation of the Court’s opinion is that the remand for additional proceedings permits the Commission to take additional evidence to obtain the information sought and to have a hearing for that purpose if necessary. As noted, *supra*, a hearing is not necessarily required, however.

2. Answering paragraph 2 of the Petition, USSC admits that the Commission may resolve the case by adopting one of the parties’ proposed orders for the reasons discussed in paragraph 1(a) of this Answer. USSC submits, however, that its proposed order should be adopted instead of ORS’s proposed order. USSC denies that the submission of the information requested by the Commission would allow USSC “to supplement the record” inasmuch as allowable expenses and

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neighborhood. *See Utilities Services* at 763. Accordingly, there can be no question with respect to what constitutes USSC’s allowable expenditures and rate base. USSC agrees that no further evidence can or should be taken to address either of these matters. And, for the reasons

rate base have already been established in the record and the additional information requested by the Commission will therefore not supply further evidence that is necessary to decide this matter on remand. By ORS's own admission, the current record is sufficient to allow the Commission to approve one of the proposed orders without more. If that is the case, the information that the Order directs USSC to submit will not change that. This is demonstrated by the schedules attached hereto and incorporated herein by reference as Answer Exhibits "A", "B" and "C". These schedules contain the information required in the Order; however, they do not require any adjustment to the expenditures or rate base found by ORS to be allowable in its investigation, testimony and proposed order in this matter.

3. Responding to paragraph 3 of the Petition, USSC denies that *Hilton Head Plantation Utilities, Inc. v. Public Service Comm'n of S.C.*, 312 S.C. 488, 452, 441 S.E.2d 321, 323 (1994) precludes the Commission from receiving additional evidence. To the contrary, *Hilton Head* supports the view that the Commission may take additional evidence on the capital and operational expenditures about which USSC was not given a meaningful opportunity to provide information earlier in this proceeding. This is so because *Hilton Head* involved a circumstance where the utility had not been on notice that specific information would be required in order for the Commission to consider its application. Specifically, the Court in *Hilton Head* adopted as South Carolina law the rule that affiliate expenses are not presumed to be reasonable and that a utility must provide data and information to the Commission to establish their reasonableness. *Id.* 441 S.E.2d at 323. Accordingly, it was unsurprising that the Court held that it was "logical to

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discussed in paragraph 1(a), *supra*, no additional evidence is needed for the Commission to address the issues on remand.

remand the case to the Commission so that the Utility will have an ample opportunity to explain its expenditures and justify them.” *Id.*

4. Answering paragraphs 4, 5 and 6 of the Petition, USSC denies that submission of the information sought by the Commission in the Order (a) requires a contested case hearing, (b) implicates administrative due process, (c) or involves a fundamental right held by ORS. As to the requirement of a hearing, S.C. Code Ann. §58-5-240 permits the Commission to allow a public utility to place into effect rates without a hearing where a determination of the entire rate structure and overall rate of return is not required. In view of ORS’s request that the Commission adopt ORS’s proposed order without any further proceedings, it is clear that ORS believes that the hearing previously conducted was sufficient and that the proceedings on remand fall within the purview of §58-5-240(G). Further, the Court’s opinion in *Utilities Services* does not mandate another hearing; having asserted that the Commission cannot take additional evidence, ORS cannot credibly argue otherwise. Also, having been present at the hearings already conducted in this matter and having heard the customer testimony with respect to expenditures discussed in *Utilities Services*, ORS has already had an opportunity to make known to the Commission its views on the matter. Clearly, it does not need another opportunity to address the issue. With respect to administrative due process, our courts have held that it does not “mandate a trial-type hearing, with confrontation and opportunity for cross-examination of witnesses” where a party is given notice of a pending agency action, access to the information the agency intends to review, and an opportunity to respond in writing to the information submitted to the agency for review before a final decision is reached. *See Ogburn-Matthews v. Loblolly Partners*, 332 S.C. 551, 565, 505 S.E.2d 598, 605 (Ct. App. 1998). Thus, “where

procedures in place provide an effective way of allowing a meaningful opportunity to be heard ... [a]n evidentiary hearing is not required to comport with due process, nor is the contestant entitled to a trial-type hearing where evidence is presented under oath, and witnesses are confronted and subjected to cross-examination before a consistency certification may be issued. *Id.*, 505 S.E.2d at 607. Since the Order gives ORS an opportunity to respond, it cannot be substantially prejudiced and the procedure adopted by the Commission does not violate due process. *Id.*, 505 S.E.2d at 603.

5. Answering paragraph 7 of the Petition, USSC submits that ORS's assertion that "a precedent will be established for those cases remanded to the Commission where the Commission permits the introduction of new evidence that has not been subject to objection or cross-examination" is without merit. Initially, USSC notes that ORS offers no authority for its proposition that the Commission will be establishing a precedent if it denies the Petition to reconsider the Order. Moreover, the Commission may easily resolve ORS's concern by specifying that its decision with respect to the procedure contemplated by the Order is expressly not precedential, but a unique procedure adopted by the Commission for the remand in this case alone. Finally, although the Commission may not arbitrarily depart from its prior precedents, it may do so in circumstances where factors exist distinguishing one case from another may exist. *See 330 Concord Street Neighborhood Ass'n v. Campsen*, 309 S.C. 514, 517-8, 424 S.E.2d 538, 540 (Ct. App. 1992). USSC submits that the circumstances of this matter on remand – a decision of the Commission reversed and remanded in an appeal where all parties requested that the Court do so -- are unique and not likely to be replicated in another Commission docket.



WHEREFORE, having fully set forth its Answer to the Petition, USSC requests that it be denied. Further, in view of ORS's acknowledgment that this matter may be resolved by adoption of a proposed order, USSC requests that the Commission adopt USSC's proposed order heretofore submitted in this docket.

Respectfully submitted,

s/John M. S. Hoefer  
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This 5<sup>th</sup> day of July, 2011.  
Columbia, South Carolina

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	COMMUNICATION EQPT	DIST RESV & STNDPIPES
Arrowhead/Lakewood Estates		21,501
Barney Rhett		
Belle Mead Acres		
Bellemede		1,760
Bridgewater		1,935
Brown Neal		31
Brownsboro		580
Calhoun Acres		
Cambridge Hills		1,437
Cameron Acres		1,048
Carowoods		454
Carrolton Place		1,209
Charleswood		4,021
Charwood		508
Clearview		
Country Oaks		906
Dobbins Estates		1,530
Dutch Village/Raintree Acres		
Dutchman Acres		32
Dutchman Shores		290
Edgebrook		
Emma Terrance		33,147
Estates At Hilton		
Farm Pond		393
Farrowood Estates		1,201
Fieldcrest		96
Foxtrail		3,252
Foxwood		94
Glenn Village Util Srv SC		915
Greenforest		125
Harmon Hill Estates		
Haynie Builders		194
Hermitage		3,738
Hickory Hills		220
Hidden Lake		
Hidden Lakes		8,036
Hill And Dale		
Hilton Place		1,796
Indian Cove		970
Kim Acres		313
Lake Village Util Serv SC		885
Lakewood		
Lakewood Estates		3,938
Leon Bolt		
Leslie Dale		357
Leslie Woods		223
Lexington Farms		281
Lexing-Town Estates/Hermitage		1,951
Mallard Lakes		673
Middlestream		387
Milmont Shores		3,956
Murray Lodge		1,389
Murray Park Estates		1,026
Nevitt Forest/Leon Bolt/Normdy		
Normandy Park		96
Oakland Plant Util Srv SC		
Oakridge Hunt Club		
Oakwood Estates		1,891
Old Farms		1,058
Olewoods		63
Olympic Acres		6,528
Parkwood		
Pepperidge		3,401
Plantation/Wintercrest/Olewood		470
Pleasant Hil		
Polly Circle		213
Purdy Shores Summer Homes		975
Raintree Acres		161
Ridgewood		710
Riverbend Util Serv SC		
Sangaree		97
Shandon		289
Sherwood Forest		484
Shiloh Quarters		1,272
Silver Lakes/Windwood		4,129
South Congaree		
Southbend		872
Spring Lakes		1,153
Springfield Acres		
Surfside Heights		585
Tanglewood		1,529
Tanya Terrance		97
Towncreek Acres		
Utilities Services of SC	1,243	31
Valleymere		456
Vanarsdale		1,740
Washington Heights		1,226
Wesleywoods		
Windwood		793
Windy Hill		4,648
Windy Run		785
Wintercrest		308
Woodbridge		1,919
Grand Total	1,243	144,773

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	ELECTRIC PUMP EQUIP	FORCE OR VACUUM MAINS
Arrowhead/Lakewood Estates	1,037	
Barney Rhett	1,442	
Belle Mead Acres	63	
Bellemede	1,141	
Bridgewater	1,271	
Brown Neal	140	
Brownsboro	1,314	
Calhoun Acres		
Cambridge Hills	1,109	
Cameron Acres	725	
Carowoods	331	373
Carrolton Place	7,219	
Charleswood	17,285	
Charwood	3,752	
Clearview	63	
Country Oaks	10,101	1,091
Dobbins Estates		
Dutch Village/Raintree Acres		
Dutchman Acres	2,992	
Dutchman Shores	125	
Edgebrook		
Emma Terrance	1,508	
Estates At Hilton	7,733	
Farm Pond	678	
Farrowood Estates	5,706	
Fieldcrest	932	
Foxtrail	2,142	
Foxwood	287	
Glenn Village Util Srv SC	27,486	
Greenforest	125	
Harmon Hill Estates	2,191	
Haynie Builders	2,867	
Hermitage	997	
Hickory Hills		
Hidden Lake	125	
Hidden Lakes	27,047	
Hill And Dale		
Hilton Place	974	
Indian Cove	1,144	
Kim Acres	1,263	
Lake Village Util Serv SC	4,188	
Lakewood	31	
Lakewood Estates	1,331	
Leon Bolt		
Leslie Dale	1,775	
Leslie Woods	288	
Lexington Farms	12,176	
Lexing-Town Estates/Hermitage	1,982	
Mallard Lakes	1,278	
Middlestream	127	
Milmont Shores	5,012	
Murray Lodge	7,427	
Murray Park Estates	2,322	
Nevitt Forest/Leon Bolt/Normdy		
Normandy Park		
Oakland Plant Util Srv SC	4,139	
Oakridge Hunt Club	4,813	
Oakwood Estates	94	
Old Farms	2,928	
Olewoods		
Olypmic Acres	55,390	
Parkwood		
Pepperidge	913	
Plantation/Wintercrest/Olewood	502	
Pleasant Hil		
Polly Circle	567	
Purdy Shores Summer Homes	2,466	
Raintree Acres	63	
Ridgewood	2,346	
Riverbend Util Serv SC	5,092	
Sangaree	159	
Shandon	4,758	
Sherwood Forest	882	
Shiloh Quarters	6,783	
Silver Lakes/Windwood	8,377	
South Congaree		
Southbend	163	
Spring Lakes	1,877	
Springfield Acres	3,550	
Surfside Heights		
Tanglewood	857	
Tanya Terrance	195	
Towncreek Acres	188	
Utilities Services of SC	250	
Valleymere	3,744	
Vanarsdale		
Washington Heights	1,559	
Wesleywoods	220	
Windwood	751	
Windy Hill	3,293	
Windy Run	1,937	
Wintercrest	2,325	
Woodbridge	1,131	
Grand Total	293,559	1,464

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	FRANCHISES	HYDRANTS
Arrowhead/Lakewood Estates		
Barney Rhett		
Belle Mead Acres		
Bellemede		
Bridgewater		
Brown Neal		
Brownsboro		
Calhoun Acres		
Cambridge Hills		3,764
Cameron Acres		
Carowoods		
Carrolton Place		
Charleswood		
Charwood		1,456
Clearview		
Country Oaks		
Dobbins Estates		1,146
Dutch Village/Raintree Acres		188
Dutchman Acres		
Dutchman Shores		2,774
Edgebrook		
Emma Terrance		
Estates At Hilton		
Farm Pond		175
Farrowood Estates		
Fieldcrest		
Foxtrail		
Foxwood		
Glenn Village Util Srv SC		
Greenforest		
Harmon Hill Estates		
Haynie Builders		
Hermitage		
Hickory Hills		
Hidden Lake		
Hidden Lakes		
Hill And Dale		
Hilton Place		
Indian Cove		
Kim Acres		165
Lake Village Util Serv SC		
Lakewood		
Lakewood Estates		
Leon Bolt		
Leslie Dale		
Leslie Woods		446
Lexington Farms		
Lexing-Town Estates/Hermitage		1,946
Mallard Lakes		155
Middlestream		
Milmont Shores		
Murray Lodge		
Murray Park Estates		
Nevitt Forest/Leon Bolt/Normdy		2,099
Normandy Park		
Oakland Plant Util Srv SC		
Oakridge Hunt Club		194
Oakwood Estates		
Old Farms		
Olewoods		
Olympic Acres		
Parkwood		
Pepperidge		65
Plantation/Wintercrest/Olewood		236
Pleasant Hil		
Polly Circle		255
Purdy Shores Summer Homes		
Raintree Acres		
Ridgewood		
Riverbend Util Serv SC		
Sangaree		
Shandon		
Sherwood Forest		
Shiloh Quarters		
Silver Lakes/Windwood		250
South Congaree		
Southbend		
Spring Lakes		
Springfield Acres		
Surfside Heights		
Tanglewood		
Tanya Terrance		
Towncreek Acres		
Utilities Services of SC	4,490	
Valleymere		156
Vanarsdale		94
Washington Heights		
Wesleywoods		
Windwood		
Windy Hill		
Windy Run		508
Wintercrest		
Woodbridge		
Grand Total	4,490	16,069

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	LABORATORY EQPT	LIFT STATION
Arrowhead/Lakewood Estates		
Barney Rhett		
Belle Mead Acres		
Bellemede		
Bridgewater		
Brown Neal		
Brownsboro		
Calhoun Acres		
Cambridge Hills		
Cameron Acres		
Carowoods	612	4,086
Carrolton Place		
Charleswood		
Charwood		
Clearview		
Country Oaks		
Dobbins Estates		
Dutch Village/Raintree Acres		
Dutchman Acres		
Dutchman Shores		(254)
Edgebrook		
Emma Terrance		
Estates At Hilton		
Farm Pond		
Farrowood Estates		
Fieldcrest		
Foxtrail		
Foxwood	363	228
Glenn Village Util Srv SC		
Greenforest		
Harmon Hill Estates		
Haynie Builders		
Hermitage		
Hickory Hills		
Hidden Lake		
Hidden Lakes		
Hill And Dale		
Hilton Place		
Indian Cove		
Kim Acres		
Lake Village Util Serv SC		
Lakewood		(441)
Lakewood Estates		
Leon Bolt		
Leslie Dale		
Leslie Woods		
Lexington Farms		
Lexing-Town Estates/Hermitage		
Mallard Lakes		
Middlestream		
Milmont Shores		
Murray Lodge		
Murray Park Estates		
Nevitt Forest/Leon Bolt/Normdy		
Normandy Park		
Oakland Plant Util Srv SC		
Oakridge Hunt Club		
Oakwood Estates		
Old Farms		
Olewoods		
Olympic Acres		
Parkwood		
Pepperidge		
Plantation/Wintercrest/Olewood		
Pleasant Hill		
Polly Circle		
Purdy Shores Summer Homes	409	
Raintree Acres		
Ridgewood		
Riverbend Util Serv SC		
Sangaree		
Shandon	285	228
Sherwood Forest		
Shiloh Quarters		
Silver Lakes/Windwood		
South Congaree		
Southbend		
Spring Lakes		
Springfield Acres		
Surfside Heights		
Tanglewood		
Tanya Terrance		
Towncreek Acres		
Utilities Services of SC	1,887	
Valleymere		
Vanarsdale		
Washington Heights		
Wesleywoods		
Windwood		
Windy Hill		
Windy Run		
Wintercrest		
Woodbridge		
Grand Total	3,556	3,846

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	MANHOLES	METER INSTALLATIONS
Arrowhead/Lakewood Estates		605
Barney Rhett		
Belle Mead Acres		259
Bellemede		831
Bridgewater		648
Brown Neal		
Brownsboro		
Calhoun Acres		253
Cambridge Hills		96
Cameron Acres		
Carowoods	302	94
Carrolton Place		31
Charleswood		721
Charwood		973
Clearview		129
Country Oaks		161
Dobbins Estates		191
Dutch Village/Raintree Acres		250
Dutchman Acres		94
Dutchman Shores		32
Edgebrook		1,279
Emma Terrance		942
Estates At Hilton		32
Farm Pond		
Farrowood Estates		127
Fieldcrest		65
Foxtrail		
Foxwood	3,482	225
Glenn Village Util Srv SC		513
Greenforest		443
Harmon Hill Estates		
Haynie Builders		516
Hermitage		127
Hickory Hills		
Hidden Lake		322
Hidden Lakes		94
Hill And Dale		387
Hilton Place		744
Indian Cove		63
Kim Acres		140
Lake Village Util Serv SC		
Lakewood		224
Lakewood Estates		544
Leon Bolt		423
Leslie Dale		
Leslie Woods		
Lexington Farms		1,632
Lexing-Town Estates/Hermitage		316
Mallard Lakes		
Middlestream		
Milmont Shores		31
Murray Lodge		373
Murray Park Estates		125
Nevitt Forest/Leon Bolt/Normdy		1,445
Normandy Park		
Oakland Plant Util Srv SC		353
Oakridge Hunt Club		156
Oakwood Estates		320
Old Farms		
Olewoods		
Olympic Acres		120
Parkwood		125
Pepperidge		
Plantation/Wintercrest/Olewood		
Pleasant Hil		
Polly Circle		98
Purdy Shores Summer Homes		324
Raintree Acres		281
Ridgewood		65
Riverbend Util Serv SC		
Sangaree		284
Shandon		
Sherwood Forest		415
Shiloh Quarters		145
Silver Lakes/Windwood		31
South Congaree		
Southbend		
Spring Lakes		
Springfield Acres		226
Surfside Heights		129
Tanglewood		313
Tanya Terrance		31
Towncreek Acres		776
Utilities Services of SC		
Valleymere		
Vanarsdale		282
Washington Heights		714
Wesleywoods		
Windwood		
Windy Hill		160
Windy Run		65
Wintercrest		
Woodbridge		127
Grand Total	3,783	22,033

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	METERS	OFF FURN & EQPT
Arrowhead/Lakewood Estates	123	
Barney Rhett		
Belle Mead Acres		
Bellemede		
Bridgewater		
Brown Neal		
Brownsboro		
Calhoun Acres		
Cambridge Hills		
Cameron Acres		
Carowoods		
Carrolton Place		
Charleswood	315	
Charwood		
Clearview		
Country Oaks		
Dobbins Estates		
Dutch Village/Raintree Acres		
Dutchman Acres		
Dutchman Shores	216	
Edgebrook	1,354	
Emma Terrance		
Estates At Hilton		
Farm Pond		
Farrowood Estates	75	
Fieldcrest		
Foxtrail		
Foxwood		
Glenn Village Util Srv SC		
Greenforest		
Harmon Hill Estates		
Haynie Builders		
Hermitage		
Hickory Hills		
Hidden Lake		
Hidden Lakes		
Hill And Dale		
Hilton Place		
Indian Cove		
Kim Acres		
Lake Village Util Serv SC		
Lakewood		
Lakewood Estates		
Leon Bolt		
Leslie Dale		
Leslie Woods		
Lexington Farms		
Lexing-Town Estates/Hermitage	188	
Mallard Lakes		
Middlestream		
Milmont Shores		
Murray Lodge		
Murray Park Estates		
Nevitt Forest/Leon Bolt/Normdy		
Normandy Park		
Oakland Plant Util Srv SC		
Oakridge Hunt Club		
Oakwood Estates		
Old Farms		
Olewoods		
Olypmic Acres		
Parkwood		
Pepperidge		
Plantation/Wintercrest/Olewood		
Pleasant Hil		
Polly Circle		
Purdy Shores Summer Homes		
Raintree Acres		
Ridgewood		
Riverbend Util Serv SC		
Sangaree		
Shandon		
Sherwood Forest		
Shiloh Quarters		
Silver Lakes/Windwood		
South Congaree		
Southbend		
Spring Lakes		
Springfield Acres		
Surfside Heights		
Tanglewood		
Tanya Terrance		
Towncreek Acres	451	
Utilities Services of SC	16,073	9,989
Valleymere		
Vanarsdale		
Washington Heights		
Wesleywoods		
Windwood		
Windy Hill		
Windy Run		
Wintercrest		
Woodbridge		
Grand Total	18,796	9,989

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	SERVICE LINES	SEWAGE SERVICE LINES
Arrowhead/Lakewood Estates		
Barney Rhett	726	
Belle Mead Acres		
Bellemede	12,227	
Bridgewater	130	
Brown Neal	1,359	
Brownsboro	3,282	
Calhoun Acres	450	
Cambridge Hills	1,103	
Cameron Acres		
Carowoods	1,486	
Carrolton Place	396	
Charleswood	9,796	
Charwood	13,810	
Clearview	580	
Country Oaks	2,673	
Dobbins Estates	2,485	
Dutch Village/Raintree Acres	4,528	
Dutchman Acres	543	
Dutchman Shores	1,756	
Edgebrook	850	
Emma Terrance		
Estates At Hilton	2,033	
Farm Pond	2,385	
Farrowood Estates	4,819	
Fieldcrest		
Foxtrail	121	
Foxwood	2,983	1,477
Glenn Village Util Srv SC	1,638	
Greenforest	485	
Harmon Hill Estates	701	
Haynie Builders	1,329	
Hermitage	486	
Hickory Hills	693	
Hidden Lake	1,802	
Hidden Lakes	1,138	
Hill And Dale	1,120	
Hilton Place	13,026	
Indian Cove		
Kim Acres	2,788	
Lake Village Util Serv SC	1,177	
Lakewood	270	
Lakewood Estates	10,510	
Leon Bolt	2,161	
Leslie Dale	400	
Leslie Woods		
Lexington Farms	7,166	
Lexing-Town Estates/Hermitage	654	
Mallard Lakes	3,408	
Middlestream	435	
Millmont Shores		
Murray Lodge	3,572	
Murray Park Estates	4,736	
Nevitt Forest/Leon Bolt/Normdy	1,420	
Normandy Park	545	
Oakland Plant Util Srv SC	13,899	
Oakridge Hunt Club	3,450	
Oakwood Estates	555	
Old Farms	978	
Olewoods		
Olypmic Acres	5,179	
Parkwood	2,133	
Pepperidge	5,214	
Plantation/Wintercrest/Olewood	1,781	
Pleasant Hil	591	
Polly Circle	1,093	
Purdy Shores Summer Homes	1,051	
Raintree Acres	14,473	
Ridgewood	623	
Riverbend Util Serv SC	445	
Sangaree	2,010	
Shandon	1,608	150
Sherwood Forest		
Shiloh Quarters	2,166	
Silver Lakes/Windwood	364	
South Congaree	125	
Southbend	2,260	
Spring Lakes		
Springfield Acres	2,263	
Surfside Heights		
Tanglewood		
Tanya Terrance		
Towncreek Acres	9,146	
Utilities Services of SC	6,783	
Valleymere	838	
Vanarsdale	1,694	
Washington Heights	3,291	
Wesleywoods	400	
Windwood	511	
Windy Hill	5,453	
Windy Run	870	
Wintercrest	1,513	
Woodbridge	1,047	
Grand Total	225,982	1,626



Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	SEWAGE TRTMT PLANT	SEWER MAINS
Arrowhead/Lakewood Estates		
Barney Rhett		
Belle Mead Acres		
Bellemede		
Bridgewater		
Brown Neal		
Brownsboro		
Calhoun Acres		
Cambridge Hills		
Cameron Acres		
Carowoods	75,158	
Carrolton Place		
Charleswood		
Charwood		
Clearview		
Country Oaks	9,872	689
Dobbins Estates		
Dutch Village/Raintree Acres		
Dutchman Acres		
Dutchman Shores		
Edgebrook		
Emma Terrance		
Estates At Hilton		
Farm Pond		
Farrowood Estates		
Fieldcrest		
Foxtrail		
Foxwood	15,841	637
Glenn Village Util Srv SC		
Greenforest		
Harmon Hill Estates		
Haynie Builders		
Hermitage		
Hickory Hills		
Hidden Lake		
Hidden Lakes		
Hill And Dale		
Hilton Place		
Indian Cove		
Kim Acres		
Lake Village Util Serv SC		
Lakewood		
Lakewood Estates		
Leon Bolt		
Leslie Dale		
Leslie Woods		
Lexington Farms		
Lexing-Town Estates/Hermitage		
Mallard Lakes		
Middlestream		
Milmont Shores		
Murray Lodge		
Murray Park Estates		
Nevitt Forest/Leon Bolt/Normdy		
Normandy Park		
Oakland Plant Util Srv SC		
Oakridge Hunt Club		
Oakwood Estates		
Old Farms		
Olewoods		
Olympic Acres		
Parkwood		
Pepperidge		
Plantation/Wintercrest/Olewood		
Pleasant Hill		
Polly Circle		
Purdy Shores Summer Homes		
Raintree Acres		
Ridgewood		
Riverbend Util Serv SC		
Sangaree		
Shandon	14,132	12,056
Sherwood Forest		
Shiloh Quarters		
Silver Lakes/Windwood		
South Congaree		
Southbend		
Spring Lakes		
Springfield Acres		
Surfside Heights		
Tanglewood		
Tanya Terrance		
Towncreek Acres		
Utilities Services of SC	174	
Valleymere		
Vanarsdale		
Washington Heights		
Wesleywoods		
Windwood		
Windy Hill		
Windy Run		
Wintercrest		
Woodbridge		
Grand Total	115,176	13,381

Utilites Services of South Carolina, Inc.  
Plant additions (2005 and 2006) by subdivision and plant category

Exhibit A

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	STRUCT & IMPRV (PUMP PLT)	STRUCT & IMPRV (WATER T P)
Arrowhead/Lakewood Estates	20,881	1,488
Barney Rhett		625
Belle Mead Acres		159
Bellemede	2,422	2,187
Bridgewater	-	927
Brown Neal	4,242	3,597
Brownsboro	7,307	2,756
Calhoun Acres		
Cambridge Hills	1,063	250
Cameron Acres	4,502	1,278
Carowoods	15,538	956
Carrolton Place	920	410
Charleswood	8,527	2,711
Charwood	64,050	2,189
Clearview		33
Country Oaks	760	316
Dobbins Estates		
Dutch Village/Raintree Acres		188
Dutchman Acres	24,805	1,379
Dutchman Shores		219
Edgebrook	-	95
Emma Terrance	1,575	630
Estates At Hilton	-	730
Farm Pond	345	3,840
Farrowood Estates	2,880	129
Fieldcrest	1,206	158
Foxtrail	76,973	226
Foxwood	420	3,197
Glenn Village Util Srv SC	17,032	636
Greenforest		130
Harmon Hill Estates	320	97
Haynie Builders	2,918	571
Hermitage	8,985	580
Hickory Hills		
Hidden Lake		161
Hidden Lakes	3,084	4,665
Hill And Dale	-	129
Hilton Place	2,667	451
Indian Cove	5,001	1,477
Kim Acres	1,346	5,388
Lake Village Util Srv SC	91,947	643
Lakewood	-	65
Lakewood Estates	63,173	514
Leon Bolt		190
Leslie Dale	4,091	413
Leslie Woods	145	31
Lexington Farms	25,410	1,665
Lexing-Town Estates/Hermitage	43,714	1,864
Mallard Lakes	32,802	6,012
Middlestream	651	567
Millmont Shores	5,589	220
Murray Lodge	3,079	702
Murray Park Estates	67,445	193
Nevitt Forest/Leon Bolt/Normdy	172	161
Normandy Park	-	770
Oakland Plant Util Srv SC	103,263	1,095
Oakridge Hunt Club	415	65
Oakwood Estates		31
Old Farms	29,821	1,315
Olewoods	-	226
Olympic Acres	5,661	3,473
Parkwood		
Pepperidge	1,675	4,439
Plantation/Wintercrest/Olewood	285	442
Pleasant Hill		94
Polly Circle	155	4,328
Purdy Shores Summer Homes	-	2,526
Raintree Acres	533	750
Ridgewood	2,541	1,908
Riverbend Util Serv SC	145	94
Sangaree	10,065	316
Shandon	20,957	1,220
Sherwood Forest	3,319	447
Shiloh Quarters	1,964	829
Silver Lakes/Windwood	5,533	1,343
South Congaree		
Southbend	1,130	2,851
Spring Lakes	555	3,794
Springfield Acres	2,274	566
Surfside Heights		
Tanglewood	7,614	692
Tanya Terrance	18,279	473
Towncreek Acres	-	928
Utilities Services of SC		125
Valleymere	501	772
Vanarsdale	600	258
Washington Heights	1,711	348
Wesleywoods	320	219
Windwood	620	347
Windy Hill	5,982	2,177
Windy Run	735	924
Wintercrest	1,033	2,192
Woodbridge	5,909	1,115
Grand Total	851,584	101,676

Utilites Services of South Carolina, Inc.  
Plant additions (2005 and 2006) by subdivision and plant category

Exhibit A

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	TOOLS SHOP & MISC EQPT	TRANS & DISTR MAINS
Arrowhead/Lakewood Estates		1,218
Barney Rhett		1,354
Belle Mead Acres		159
Bellemede		5,982
Bridgewater		605
Brown Neal		
Brownsboro		125
Calhoun Acres		734
Cambridge Hills		660
Cameron Acres		398
Carowoods		319
Carrolton Place		346
Charleswood		284
Charwood	135	3,422
Clearview		1,213
Country Oaks		954
Dobbins Estates		952
Dutch Village/Raintree Acres		13,554
Dutchman Acres		438
Dutchman Shores		14,093
Edgebrook		1,418
Emma Terrance		2,638
Estates At Hilton		2,408
Farm Pond		94
Farrowood Estates	168	1,080
Fieldcrest		33
Foxtrail		
Foxwood		380
Glenn Village Util Srv SC		5,574
Greenforest		948
Harmon Hill Estates		520
Haynie Builders		565
Hermitage		953
Hickory Hills		416
Hidden Lake		2,762
Hidden Lakes		511
Hill And Dale		2,171
Hilton Place	237	1,239
Indian Cove		
Kim Acres		668
Lake Village Util Serv SC		3,611
Lakewood		726
Lakewood Estates		9,534
Leon Bolt		900
Leslie Dale		162
Leslie Woods		323
Lexington Farms	165	411
Lexing-Town Estates/Hermitage		3,604
Mallard Lakes		291
Middlestream		65
Milmont Shores	202	742
Murray Lodge	275	4,405
Murray Park Estates		426
Nevitt Forest/Leon Bolt/Normdy		1,429
Normandy Park		418
Oakland Plant Util Srv SC		9,413
Oakridge Hunt Club		2,756
Oakwood Estates		676
Old Farms		293
Olewoods		127
Olympic Acres		1,151
Parkwood		418
Pepperidge	416	379
Plantation/Wintercrest/Olewood		315
Pleasant Hil		395
Polly Circle		-
Purdy Shores Summer Homes		708
Raintree Acres		17,065
Ridgewood		2,190
Riverbend Util Serv SC		65
Sangaree		409
Shandon		778
Sherwood Forest		156
Shiloh Quarters		195
Silver Lakes/Windwood		
South Congaree		
Southbend		63
Spring Lakes		
Springfield Acres		588
Surfside Heights		386
Tanglewood		
Tanya Terrance		318
Towncreek Acres		5,022
Utilities Services of SC	12,832	
Valleymere	140	
Vanarsdale		594
Washington Heights		3,352
Wesleywoods		
Windwood		100
Windy Hill	2,194	1,316
Windy Run		125
Wintercrest	225	349
Woodbridge		227
Grand Total	16,989	148,152

Utilities Service of South Carolina, Inc.  
Spending by Subdivision for 2005 & 2006

	WELLS & SPRINGS	COMPUTERS	Grand Total
Arrowhead/Lakewood Estates	1,098		49,709
Barney Rhett	1,597		6,271
Belle Mead Acres	250		889
Bellemede	35,342		65,182
Bridgewater	49,893		56,754
Brown Neal	96		9,464
Brownsboro	514		17,907
Calhoun Acres			1,436
Cambridge Hills			12,159
Cameron Acres	992		9,199
Carowoods	1,359		103,306
Carrolton Place	543		12,842
Charleswood	2,900		51,640
Charwood	485		90,972
Clearview	63		2,110
Country Oaks	637		32,666
Dobbins Estates			6,304
Dutch Village/Raintree Acres	8,777		27,484
Dutchman Acres	4,646		35,886
Dutchman Shores	36,611		55,863
Edgebrook			4,995
Emma Terrance	95		41,068
Estates At Hilton	3,315		16,252
Farm Pond	32		8,368
Farrowood Estates	6,752		26,185
Fieldcrest	162		2,651
Foxtrail	323		83,503
Foxwood	635		31,169
Glenn Village Util Srv SC	30,644		84,534
Greenforest	1,555		3,966
Harmon Hill Estates	142		5,151
Haynie Builders	1,256		10,850
Hermitage	60,082		76,271
Hickory Hills	1,338		2,667
Hidden Lake	313		6,003
Hidden Lakes	126		44,701
Hill And Dale			3,806
Hilton Place	160		21,578
Indian Cove	26,826		35,543
Kim Acres	10,346		22,417
Lake Village Util Serv SC	2,017		105,287
Lakewood	287		1,602
Lakewood Estates	889		93,909
Leon Bolt	313		4,048
Leslie Dale	1,515		9,410
Leslie Woods	769		2,544
Lexington Farms	773		51,445
Lexing-Town Estates/Hermitage	1,052		58,944
Mallard Lakes	257		45,177
Middlestream	1,058		4,618
Milmont Shores	931		16,934
Murray Lodge	693		22,921
Murray Park Estates	613		78,030
Nevitt Forest/Leon Bolt/Normdy	344		7,225
Normandy Park	188		2,990
Oakland Plant Util Srv SC	818		136,147
Oakridge Hunt Club	571		13,310
Oakwood Estates	2,193		5,866
Old Farms	1,158		38,769
Olewoods			447
Olypmic Acres	2,598		81,124
Parkwood	8,418		11,094
Pepperidge	60,010		76,512
Plantation/Wintercrest/Olewood	162		5,058
Pleasant Hil	94		1,235
Polly Circle	5,103		13,421
Purdy Shores Summer Homes	319		10,451
Raintree Acres	20,525		53,882
Ridgewood	993		11,437
Riverbend Util Serv SC	290		6,323
Sangaree			13,470
Shandon	698		58,765
Sherwood Forest	163		6,277
Shiloh Quarters	897		15,296
Silver Lakes/Windwood	35,487		56,306
South Congaree	32		222
Southbend	163		7,501
Spring Lakes	26,791		35,028
Springfield Acres	127		10,373
Surfside Heights	2,165		3,297
Tanglewood	125		11,129
Tanya Terrance	7,547		29,092
Towncreek Acres	406		16,917
Utilities Services of SC		(156,409)	512,301
Valleymere	613		7,219
Vanarsdale	16,440		21,702
Washington Heights	3,877		18,508
Wesleywoods			2,402
Windwood	484		5,347
Windy Hill	57,365		82,844
Windy Run	1,049		6,998
Wintercrest	8,633		19,446
Woodbridge	14,682		27,314
Grand Total	582,591	(156,409)	3,117,637

Utilities Service of South Carolina, Inc.  
Spending by Plant Category for 2005 & 2006

<u>Plant Category</u>	<u>Amount</u>	<u>Benefit to Customers</u>
Row Labels	Sum of Sum	
COMMUNICATION EQPT	1,243	Enhanced communication between the field personnel and customer service to provide faster response times to customers
DIST RESV & STNDPIPES	144,773	Water storage tanks were prepped and painted in order to reestablish a protective paint coating on steel surfaces to maintain tanks and avoid premature replacements/repairs
ELECTRIC PUMP EQUIP	293,559	Repair of pumps, motors, and controls associated with water treatment and distribution to allow for continued service to the customers
FORCE OR VACUUM MAINS	1,464	Labor and materials associated with making repairs and replacement to mains to minimize inflow and infiltration in sewer pipes to avoid overflows or sewer treatment problems
FRANCHISES	4,490	Legal fees for certificated area
HYDRANTS	16,069	Repairs and improvements to flushing or fire hydrants in order to adequately flush water distribution systems to avoid quality issues for customers
LABORATORY EQPT	3,556	Equipment necessary to ensure safety standards are met
LIFT STATION	3,846	Repairs to lift stations to avoid sewer backups
MANHOLES	3,783	Repairs to manholes to avoid sewer backups
METER INSTALLATIONS	22,033	Replaced aged meters that may have been either inaccurate or difficult to read or access to provide accurate billing to customers
METERS	18,796	Replaced aged meters that may have been either inaccurate or difficult to read or access to provide accurate billing to customers
OFF FURN & EQPT	9,989	Furniture to maintain local office/presence
SERVICE LINES	225,982	Replaced service lines that did not provide adequate pipe integrity in order to maintain quality service to customers
SEWAGE SERVICE LINES	1,626	Labor and materials associated with making repairs and replacement to sewer mains to minimize inflow and infiltration to avoid sewer overflows or treatment problems
SEWAGE TRTMT PLANT	115,176	Modification of the chlorine contact chamber at Country Oaks WWTP to ensure environmental compliance
SEWER MAINS	13,381	Labor and materials associated with making repairs and replacement to sewer mains to minimize inflow and infiltration to avoid sewer overflows or treatment problems
STRUCT & IMPRV (PUMP PLT)	851,584	Repairs to Carrowood WWTP to level the tanks and structures to maintain compliance with environmental permits
STRUCT & IMPRV (WATER T P)	101,676	Well house & fence repairs and replacements in order to properly secure well sites
TOOLS SHOP & MISC EQPT	16,989	Equipment, tools and supplies necessary to equip utility trucks and treatment facilities to provide services to customers
TRANS & DISTR MAINS	148,152	Labor and materials associated with making repairs to water mains to ensure adequate pressure to the customer
TRANSPORTATION & EQUIPMENT	455,971	Additional vehicles needed to comply-DHEC required daily well checking requirements and equipment for repairs and services to customers
WATER TREATMENT EQPT	80,909	Repair or replacement of chemical feed pumps, chemical storage tanks, and associated controllers to ensure an accurate level of chemical to ensure water quality standards are met
WELLS & SPRINGS	582,591	Developed water sources in order to meet customer demand
Grand Total	3,117,637	

Utilities Service of South Carolina, Inc.  
Operation and Maintenance Expense Analysis

Exhibit B

<u>Description</u>	<u>12/3/2004</u>	<u>12/31/2006</u>	<u>Increase</u>	<u>On going operational programs</u>	<u>Comment/Improve service</u>
Salaries	287,640	581,481	293,841	Yes	In response to South Carolina's DHEC mandating that all water systems be checked each weekend day USSC implemented a program to hire more operators to comply with this requirement.
Purchased Water- Water System	316,770	409,243	92,473		
Gasoline	47,398	95,988	48,590	Yes	In response to South Carolina's DHEC mandating that all water systems be checked each weekend day USSC implemented a program to hire more operators to comply with this requirement.
Accounting Studies	0	41,314	41,314		
Other Chemicals	12,840	53,445	40,605	Yes	USSC has a program to ensure that the appropriate amounts of chemical are used in response to higher water demand or in order to achieve mandated treatment limits. In addition there have been increases in the unit cost of soda ash, caustic soda, sodium hypochlorite, sodium chloride and potassium chloride.
Chlorine	1,112	32,249	31,137	Yes	USSC has a program to ensure that the appropriate amounts of chemical are used in response to higher water demand or in order to achieve mandated treatment limits. In addition there have been increases in the unit cost of soda ash, caustic soda, sodium hypochlorite, sodium chloride and potassium chloride.
Mowing	47,410	75,717	28,307	Yes	USSC has a program to routinely mow its property, which was partially outsourced. This program allows USSC facilities to look presentable in the community
OPER OFFICE EXPENSE	0	25,207	25,207		
Health Ins. Reimbursements	66,880	90,903	24,023		
Postage & Postage Meter	33,885	55,783	21,898		
Water-Maintenance Supplies	35,785	57,670	21,885		
Part-Time Operators	3,876	24,673	20,797	Yes	In response to South Carolina's DHEC mandating that all water systems be checked each weekend day USSC implemented a program to hire more operators to comply with this requirement.
Electric Power-Water System	128,071	145,666	17,595		
Legal Fees	1,541	17,033	15,492		
LETTER OF CREDIT FEE	0	15,319	15,319		
Auto Repair	17,360	32,515	15,155	Yes	In response to South Carolina's DHEC mandating that all water systems be checked each weekend day USSC implemented a program to hire more operators to comply with this requirement.
Water-Other Maint. Expense	23,632	35,993	12,361		
Other Office Utilities	3,948	11,766	7,818		
Other Insurance	75,019	81,592	6,573		
Meter Reading	17,968	23,371	5,403	Yes	This ongoing operational program was partially outsourced.
ESOP Contributions	18,927	23,434	4,507		
Other Direct Outside Charges	1,586	6,000	4,414		
Operators Education Expense	1,589	5,946	4,357		
BILLING ENVELOPES	0	4,110	4,110		
Operators Memberships	6,439	10,366	3,927	Yes	An on going program to keep our operators certified and membership to trade associations
Maintenance	13,029	16,738	3,709	Yes	Routine maintenance to keep infrastructure in compliance
PENALTIES/FINES	0	3,617	3,617		
Memberships Company	23	3,596	3,573		
Water-Main Breaks	2,335	5,631	3,296	Yes	Program to replace, replace and maintaining delivery system in conformity with DHEC
Testing Equipment & Chemicals	1,966	5,148	3,182	Yes	Program to treat our source of supply and keep with in process controls over treatment
CUSTOMER SERVICE PRINTING	0	3,171	3,171		
Pension Contributions	14,298	17,081	2,783		
Other Emp Pens & Benefits	5,742	8,289	2,547		
Sewer-Maintenance Supplies	1,615	3,605	1,990	Yes	Program to keep adequate parts available to facilitate repairs
BILLING COMPUTER SUPPLIES	0	1,813	1,813		
Communication Expense	10,558	12,325	1,767	Yes	Better equipment in place to communicate between and among staff
Computer supplies	0	1,746	1,746		
Water-Maintenance Repairs & Expense	0	1,446	1,446	Yes	Program to replace, replace and maintain delivery system in conformity with DHEC
GARBAGE REMOVAL	0	1,382	1,382		
Computer Salaries & Benefits	0	1,370	1,370		
Sewer-Other Maint. Expense	1,533	2,823	1,290	Yes	Program to keep adequate parts available to facilitate repairs
Employee Insurance Deductions	(1,211)	0	1,211		
Employment Finder Fees	1,423	2,610	1,187		
BILL STOCK	0	1,135	1,135		

Utilities Service of South Carolina, Inc.  
Operation and Maintenance Expense Analysis

Exhibit B

<u>Description</u>	<u>12/3/2004</u>	<u>12/31/2006</u>	<u>Increase</u>	<u>On going operational programs</u>	<u>Comment/Improve service</u>
OPER CLEANING SUPPLIES	0	1,072	1,072		
United Parcel & Air Freight	2,913	3,930	1,017		
Office Electric	2,576	3,558	982		
Uniform Rental & Cleaning	756	1,678	922		
Health Ins. Premiums	856	1,721	865		
HOLIDAY EVENTS/PICNICS	0	865	865		
Meals and Related Expenses	2,485	3,310	825		
Operators Expense	259	1,036	777		
Water-Electrical Eqpt. Repair	18,991	19,742	751	Yes	Program to monitor and to ensure delivery of services to our customers
Office Supplies	3,825	4,410	585		
Office Telephone	4,730	5,312	582		
Computer Maintenance	3,000	3,577	577		
Repair Office Machines/Heating	0	560	560		
Microfilming	0	542	542		
Electric Power-Other	0	540	540		
Alarm Expense Telephone Exp.	302	806	504		
ODOR CONTROL CHEMICALS	0	457	457	Yes	USSC has a program to ensure that the appropriate amounts of chemical are used in response to higher water demand or in order to achieve mandated treatment limits. In addition there have been increases in the unit cost of soda ash, caustic soda, sodium hypochlorite, sodium chloride and potassium chloride.
Office Computer Telephone	0	440	440		
Office Cleaning Service	2,906	3,320	414		
Publications, Subscriptions	245	656	411		
Operators Office Supply Stores	1,491	1,892	401		
Sewer-Electrical Eqpt. Repair	1,855	2,241	386	Yes	Program to monitor and to ensure delivery of services to our customers
Computer-Amort & Prog Costs	1,123	1,506	383		
Memberships- Employee	15	313	298		
Other Transportation	0	290	290		
Outside Computer Service	1,175	1,420	245		
Sewer-Main Breaks	0	227	227	Yes	Program to replace, replace and maintain collection system in conformity with DHEC
OPER COMMUNICATION EXPENSES	0	164	164	Yes	Better equipment in place to communicate between and among staff
Grocery Items	185	332	147		
Office Garbage Removal	433	534	101		
Rent - Charlotte Warehouse	0	74	74		
Reim. of Office Empl Expense	483	545	62		
Uncollectible Accounts	30,238	30,290	52		
Disability Insurance	72	120	48		
Office Water	263	292	29		
Office Gas	214	225	11		
Telemetering Telephone Exp.	45	50	5		

## Bio-Tech, Inc. Vs Competitors Rates for Jobs Listed

Company	Pressure Cleaning per Linear Foot	Pressure Cleaning and Camering per Linear Foot	Root Sawing per Linear Foot	Video Cameraing per Linear foot	Pump Grease Trap	Sludge Hauling per 1,000 gallons
Bio-Tech, Inc	\$1.25	\$1.90	\$2.00	\$0.95	\$165.00 per thousand gallons	\$125.00
Rooter Man	\$250.00 per hour/ 2hr minium	\$2.75	\$250.00 per hour/2 hr minium	\$2.25	N/A	N/A
Apple Plumbing	\$197.00 per hour plus additional \$73.00 to pull each manhole	\$1.50 a foot minium 500 ft plus additional \$73.00 to pull each manhole	\$2.75 per foot minium 100 feet plus additional \$73.00 to pull each manhole	<u>1.50 per foot minium 500 feet plus additional \$73.00 to pull each manhole</u>	\$255.00 per thousand gallons	N/A
Roto Rooter	\$450.00 /2 hr minium, then \$195.00 per hour after the 2h hour minium	\$2.20 per foot/minium 500 feet	\$2.50 per foot/minium 500 feet	\$1.50 per foot/minium 500 feet	N/A	N/A
Pascon	\$100.00 per hour	\$275.00 per hour	\$100.00 per hour	\$175.00 per hour	\$158.00 per hour	N/A
3R Environmental	\$1.57 per foot minium 1750 feet	\$2.05 per linear foot/minium 1750 feet	\$81.00 per 300 feet	\$0.92 per linear foot/minium 1750feet. If less than 1750 feet \$183.00 per hour	\$319.00 per hour	N/A
P&S	N/A	N/A	N/A	N/A	N/A	\$187.00
L&L Environmental Service, LLC	N/A	N/A	N/A	N/A	N/A	\$120.00
American Waste	N/A	N/A	N/A	N/A	N/A	\$200.00
Higdon's	N/A	N/A	N/A	N/A	N/A	\$110.00